



QUARTERLY STATEMENT

AS OF JUNE 30, 2006
OF THE CONDITION AND AFFAIRS OF THE

Grand Valley Health Plan

NAIC Group Code	0000	0000	NAIC Company Code	95453	Employer's ID Number	38-2396958
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	12/03/1981		Commenced Business	02/05/1982		
Statutory Home Office	829 Forest Hills Ave SE			Grand Rapids, MI 49546		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	829 Forest Hills Ave		Grand Rapids, MI 49546	616-949-2410-119		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	829 Forest Hills Ave SE			Grand Rapids, MI 49546		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	829 Forest Hills Ave		Grand Rapids, MI 49546	616-949-2410-116		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	gvhp.com					
Statutory Statement Contact	Roberta Lynn Fehrle			616-949-2410-116		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	fehrler@gvhp.com			616-949-9948		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	829 Forest Hills Ave SE		Grand Rapids, MI 49546	616-949-2410		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Roland Palmer	President	Thomas Schouten	Secretary/Treasurer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roland E Palmer	Thomas W Schouten	James T Kerby	Lucille I Grimm
Carole Nugent	Pamela L Silva	Herbert A Start	Kathy L Lentz
Margaret Sudekum			

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Roland Palmer	Thomas Schouten
President	Secretary/Treasurer

Subscribed and sworn to before me this	a. Is this an original filing?	Yes [X] No []
14 day of 8, 2006	b. If no,	
	1. State the amendment number	
	2. Date filed	08/15/2006
	3. Number of pages attached	

Ruth Klinger, Notary
May 8, 2008

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	0	0	0	0
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
3. Mortgage loans on real estate:				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	1,218,204	0	1,218,204	1,135,897
4.2 Properties held for the production of income (less \$0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$5,390,035), cash equivalents (\$0) and short-term investments (\$1,097,683)	6,487,717	0	6,487,717	8,260,161
6. Contract loans, (including \$0 premium notes)	0	0	0	0
7. Other invested assets	731,038	0	731,038	749,388
8. Receivables for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	8,436,959	0	8,436,959	10,145,446
11. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
12. Investment income due and accrued	0	0	0	0
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	651,180	32,289	618,891	798,241
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premiums)	0	0	0	0
13.3 Accrued retrospective premiums	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	436,258	0	436,258	318,367
14.2 Funds held by or deposited with reinsured companies	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
16.2 Net deferred tax asset	633,000	216,583	416,417	431,000
17. Guaranty funds receivable or on deposit	0	0	0	0
18. Electronic data processing equipment and software	387,835	262,910	124,925	149,635
19. Furniture and equipment, including health care delivery assets (\$530,285)	694,471	22,497	671,974	593,110
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates	141,359	111,894	29,465	328,180
22. Health care (\$30,000) and other amounts receivable	30,000	0	30,000	33,576
23. Aggregate write-ins for other than invested assets	14,185	14,185	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	11,425,247	660,358	10,764,889	12,797,555
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. Total (Lines 24 and 25)	11,425,247	660,358	10,764,889	12,797,555
DETAILS OF WRITE-INS				
0901.	0	0	0	0
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Insurance	14,185	14,185	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	14,185	14,185	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	4,271,135	0	4,271,135	6,247,252
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	155,312	0	155,312	137,749
4. Aggregate health policy reserves	0	0	0	0
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserve	0	0	0	0
7. Aggregate health claim reserves	0	0	0	0
8. Premiums received in advance	647,600	0	647,600	446,350
9. General expenses due or accrued	1,146,650	0	1,146,650	1,165,153
10.1 Current federal and foreign income tax payable and interest thereon (including \$0 on realized gains (losses))	9,937	0	9,937	0
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	0	0	0	0
12. Amounts withheld or retained for the account of others	8,819	0	8,819	0
13. Remittances and items not allocated	0	0	0	0
14. Borrowed money (including \$0 current) and interest thereon \$0 (including \$0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	1,763	0	1,763	236,051
16. Payable for securities	0	0	0	0
17. Funds held under reinsurance treaties with (\$0 authorized reinsurers and \$0 unauthorized reinsurers)	0	0	0	0
18. Reinsurance in unauthorized companies	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Liability for amounts held under uninsured plans	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	6,241,216	0	6,241,216	8,232,555
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	312,996	312,996
25. Preferred capital stock	XXX	XXX	0	0
26. Gross paid in and contributed surplus	XXX	XXX	1,212,872	1,212,872
27. Surplus notes	XXX	XXX	500,000	500,000
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	2,497,805	2,534,132
30. Less treasury stock, at cost:				
30.1 .....0 shares common (value included in Line 24) \$0)	XXX	XXX	0	0
30.2 .....0 shares preferred (value included in Line 25) \$0)	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	4,523,673	4,560,000
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	10,764,889	12,792,555
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	80,718	99,059
2. Net premium income (including \$0 non-health premium income).....	XXX	20,285,022	22,353,751
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of \$190,447 medical expenses)	XXX	224,055	221,871
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	20,509,077	22,575,622
Hospital and Medical:			
9. Hospital/medical benefits	945,764	13,708,933	14,862,556
10. Other professional services	12,773	1,260,560	1,512,858
11. Outside referrals	0	0	0
12. Emergency room and out-of-area	232,434	575,474	368,621
13. Prescription drugs	0	3,231,219	3,512,597
14. Aggregate write-ins for other hospital and medical	2,146	104,909	116,678
15. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0
16. Subtotal (Lines 9 to 15)	1,193,117	18,881,095	20,373,310
Less:			
17. Net reinsurance recoveries	0	416,398	71,537
18. Total hospital and medical (Lines 16 minus 17)	1,193,117	18,464,697	20,301,773
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$ 0 cost containment expenses.....	0	139,538	226,660
21. General administrative expenses.....	0	2,163,010	2,056,699
22. Increase in reserves for life and accident and health contracts including \$0 increase in reserves for life only).....	0	0	0
23. Total underwriting deductions (Lines 18 through 22)	1,193,117	20,767,245	22,585,132
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(258,168)	(9,510)
25. Net investment income earned	0	286,854	182,626
26. Net realized capital gains (losses) less capital gains tax of \$.....0	0	0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	286,854	182,626
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$0) (amount charged off \$0)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	28,686	173,116
31. Federal and foreign income taxes incurred	XXX	9,934	58,859
32. Net income (loss) (Lines 30 minus 31)	XXX	18,752	114,257
DETAILS OF WRITE-INS			
0601.	XXX	0	0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Medical Expenses.....	2,146	104,909	116,678
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	2,146	104,909	116,678
2901. Misc income.....	0	0	0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	4,560,000	5,116,532	5,116,532
34. Net income or (loss) from Line 32	18,752	114,257	(439,045)
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(55,078)	156,837	(117,487)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(36,326)	271,094	(556,532)
49. Capital and surplus end of reporting period (Line 33 plus 48)	4,523,674	5,387,626	4,560,000
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	20,633,333	44,550,133
2. Net investment income	277,823	477,310
3. Miscellaneous income	224,055	414,323
4. Total (Lines 1 to 3)	21,135,211	45,441,766
5. Benefits and loss related payments	20,570,942	39,701,746
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,252,960	4,248,388
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	(63,003)	(328,178)
10. Total (Lines 5 through 9)	22,760,899	43,621,956
11. Net cash from operations (Line 4 minus Line 10)	(1,625,688)	1,819,810
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	18,350	53,520
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	22,324	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	40,674	53,520
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	22,324	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	22,324	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	18,350	53,520
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(165,106)	243,699
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(165,106)	243,699
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Lines 15 and 17)	(1,772,444)	2,117,029
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	8,260,161	6,143,132
19.2 End of period (Line 18 plus Line 19.1)	6,487,717	8,260,161

STATEMENT AS OF JUNE 30, 2006 OF THE Grand Valley Health Plan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	15,546	183	13,712	.0	.0	.0	1,651	.0	.0	.0	.0	.0	.0
2 First Quarter	13,446	172	11,584	.0	.0	.0	1,690	.0	.0	.0	.0	.0	.0
3 Second Quarter	12,917	155	11,082				1,680						
4. Third Quarter .....	.0												
5. Current Year	0												
6 Current Year Member Months	80,718	1,013	68,880				10,825						
Total Member Ambulatory Encounters for Period:													
7. Physician	6,482	94	5,407				981						
8. Non-Physician	28,341	412	23,639				4,290						
9. Total	34,823	506	29,046	0	0	0	5,271	0	0	0	0	0	0
10. Hospital Patient Days Incurred	1,316	8	1,216				92						
11. Number of Inpatient Admissions	413	6	362				45						
12. Health Premiums Written	20,463,272	297,085	17,071,563				3,094,624						
13. Life Premiums Direct.....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	20,610,333	297,336	17,218,373				3,094,624						
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	20,440,814	256,529	17,442,990				2,741,295						
18. Amount Incurred for Provision of Health Care Services	18,881,095	274,442	15,748,458				2,858,195						

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	4,351,625	12,994,886	694,134	2,930,442	5,045,759	5,450,583
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan	776,251	2,318,052	123,821	522,738	900,072	796,669
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	5,127,876	15,312,938	817,955	3,453,180	5,945,831	6,247,252
10. Healthcare receivables (a) .....					.0	.0
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals	5,127,876	15,312,938	817,955	3,453,180	5,945,831	6,247,252

(a) Excludes \$ loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Statement for the Second Quarter 2006 – Grand Valley Health Plan

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation – The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's) for health organizations except to the extent that state requirements differ.

Use of Estimates – In conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's), the preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results. Estimates that are most susceptible to change in the near term are accounts receivable and the liability for unpaid and unreported claims.

Investments (Contingency Reserve) – Pursuant to requirements of the Commissioner of Insurance for the State of Michigan, Grand Valley Health Plan executed a trust indenture. The trust is established to provide for the payment of medical services in the event Grand Valley Health Plan is unable to make payment. The agreement requires trust assets to be a minimum of \$1,000,000. The trust account met or exceeded funding requirements, as specified in the agreement. The trust invests principally in government money market funds, is stated at fair market value, and is included in cash and cash equivalents.

Investment in Affiliates – Other Invested Assets consists of a 30% interest in Leonard Street, LLC. Leonard Street, LLC operates and maintains the building used by Grand Valley Health Plan Radiology, Grand Valley Health Plan Pharmacy, Grand Valley Health Plan Beckwith Health Center, Grand Valley Surgical Center, LLC, and Orthopaedic Associates of Grand Rapids, PC. The Company accounts for its investment using the equity method of accounting.

Investments in Subsidiaries – None to report.

Bonds – None to report.

Common Stock and Additional Paid in Capital – stated at cost.

Preferred Stock – None to report.

Mortgage Loans (Valuation Basis) – None to report.

Securities (Loan-Backed) – None to report.

Derivatives – None to report.

Liabilities for Claims and Claim Adjustment Expenses – Health care costs are accrued as services are rendered, and include fees to physicians, hospitals, pharmacies and other providers for continuing medical care, and payments made on individual claims for which services have been performed including estimates of services performed which have not yet been reported. The reserves for incurred but not reported claims are to cover this estimated medical cost. Claims unpaid and unpaid adjustment expenses include amounts determined from individual case estimates, claim reports, and an amount for claims incurred but not reported based on past experience. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual member utilization of health care services, the amount of charges, and other factors. While management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount estimated in these financial statements. The Company limits a portion of their liability through stop-loss insurance. The methods for making estimates and for establishing the claims adjustment expense reserve are continually reviewed and any adjustments are reflected as determined in the periodic financial statements.

NOTES TO FINANCIAL STATEMENTS

Capitalization policy – The Company has not modified its capitalization policy from the prior year.

Cash and Short-Term Investments – This category includes deposits in financial institutions and short-term investments with maturities of 90 days or less from the date of acquisition.

Accounts Receivable – This category represents charges to employer groups and individuals, primarily on open account. Adjustments to customer accounts are made to estimate net realizable amounts with appropriate charges to premium revenues.

Inventories – Inventories consist of pharmaceuticals and are stated at cost (first-in, first-out method).

Property and Equipment – Depreciable assets are stated at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the depreciable assets as follows:

Building and land improvements	5 - 40 years
Medical equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Electronic data processing equipment	3 - 5 years

These assets are reviewed for impairment when events indicate that the carrying amount may not be recoverable.

Premiums – member premiums are recorded as revenues in the month that members are entitled to services. Premiums collected in advance are recorded as Premiums Received in Advance.

Related Party Transactions – The Company is related with other entities through common ownership and management (see note 10).

Employee Benefit Plans –The Company participates in the parent company's Employee Stock Ownership Plan (ESOP) and 401(k) plans (see note 12). The Company maintains a profit sharing plan and there were no profit sharing contributions to the plan in the period.

Income Taxes – The Company records income tax expense based on the amount of current taxes plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using enacted tax rates. Under the statutory basis of accounting some of these deferred assets are considered non-admitted assets and therefore are excluded. The Company is included in the Grand Valley Health Corporation parent company consolidated tax return (see note 9).

2. Accounting Changes and Corrections of Errors – None to report.
3. Business Combinations and Goodwill – None to report.
4. Discontinued Operations – None to report.
5. Investments (Other) – The Company continues to own one of its six health centers located in Wyoming, Michigan a suburb of Grand Rapids, Michigan. There is no impairment loss, and the Company does not engage in retail land sales operations. During the period there were no mortgage or real estate loans, no debt restructuring, no reverse mortgages, no loan-backed securities, and no repurchase agreements.
6. Joint Ventures, Partnerships and Limited Liability Companies – There are no investments that exceeded 10% of the admitted assets of the Company and there are no impaired investments.
7. Investment Income – None to report.
8. Derivatives – None to report.
9. Income Taxes – The total of all deferred tax assets at June 30, 2006 is \$633,000. There is no deferred tax liability. The non-admitted deferred tax asset, as the result of the application of SSAP #10 is \$216,538, leaving an admitted deferred tax asset of \$416,417. At December 31, 2005 the non-admitted portion of the deferred tax assets was \$265,000. The net change during the quarter in the total non-admitted deferred tax assets is (\$48,417). The significant component of current income tax expense is tax expense of \$9,937 at the statutory rate of 34%. There are no net

NOTES TO FINANCIAL STATEMENTS

operating loss carryforwards available to offset future taxable income. There were no significant adjustments to deferred tax assets for enacted changes in tax laws or rates or a change in the tax status of the Company. The entities that are consolidated for federal income tax purposes are Grand Valley Health Plan, Inc., Grand Valley Health Management Inc., Grand Valley Health Facilities Inc., Grand Valley Technology Services, LLC, and Grand Valley Health Corporation.

10. Information Concerning Parent, Subsidiaries, and Affiliates – Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation and under agreement pays Grand Valley Health Corporation for management services primarily for the Chief Executive Officer and staff, the Chief Financial Officer and staff, and the Corporate Human Resources department. Grand Valley Health Facilities, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation, and primarily manages buildings utilized by Grand Valley Health Plan. Grand Valley Health Plan pays Grand Valley Health Facilities for rental and other facility related expense reimbursements. Grand Valley Health Management is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Health Plan under agreement charged Grand Valley Health Management for administrative and pharmacy services, which are concurrently charged to the Grand Valley Surgical Center, LLC which is partially owned by Grand Valley Health Management (54%) and Grand Valley Health Corporation (1%). Grand Valley Technology Services, LLC is (52%) owned by Grand Valley Health Corporation and (48%) owned by other investors. Grand Valley Technology Services provides technology solutions to Grand Valley Health Plan for its insurance and medical management practices. All of the above relationships are based upon arms length transactions. In addition, any above mentioned Grand Valley Company may occasionally pay general accounts payable where a portion of the expense is appropriately charged to one of the other members of the holding company, and any above-mentioned Grand Valley company (except the Grand Valley Surgical Center) may be subject to the effect of the tax allocation agreement described in footnote 9. All charges are generally approved and settled by the corresponding entity typically within 30 days. The total recurring charges due to Grand Valley Health Plan in 2006 for the above transactions were \$101,898 – Grand Valley Health Corp. \$9,816 – Grand Valley Health Management \$4,266 – Grand Valley Health Facilities \$81,282 – Grand Valley Technology Services \$6,534. The total recurring charges due from Grand Valley Health Plan in 2006 for the above transactions were \$2,032,230 -- Grand Valley Health Corporation \$424,566 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$966,612 – Grand Valley Technology Services LLC \$641,052. At June 30, 2006 receivables from affiliates totaled \$141,359 as follows: Grand Valley Health Corporation - \$111,701, Grand Valley Health Management - \$193, Grand Valley Health Facilities - \$0 and Grand Valley Technology Services – \$29,464. At June 30, 2006 net liabilities from affiliates totaled \$1,763 as follows: Grand Valley Health Corporation - \$0, Grand Valley Health Management - \$0, Grand Valley Health Facilities - \$1,763 and Grand Valley Technology Services \$0.
11. Debt – None to report.
12. Retirement Plans, Deferred Compensation, Post-retirement Benefits, and Compensated Absences and Other Post-retirement Benefits Plans - The Company participates in an Employee Stock Ownership Plan (ESOP) covering substantially all full-time employees of the Company. The Plan invests primarily in the common stock of its parent company, Grand Valley Health Corporation. The Company accrued ESOP contributions of \$125,227 during 2006 year to date. The Company maintains a 401(k) plan that does not provide for matching contributions. There were no discretionary contributions to the 401(k) plan during the year. There are no deferred compensation plans and no other post-retirement plans. Compensated absences are accrued to cover unused vested vacation days.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - Common Stock of \$312,996 is stated at its par value of \$1.00. There are 400,000 shares authorized of which 312,996 have been issued, coupled with Additional Paid-in-Capital of \$1,212,872. There were neither dividends nor dividend restrictions during the year. There are no restrictions placed on surplus funds except for the Surplus Note. There is no stock of the Company held for special purposes. There are no special surplus funds other than the Surplus Note. There is no portion of the unassigned surplus funds that has been represented by or reduced for any purpose. On February 28, 2001 the Company received an additional \$500,000 in capital from its parent. Principal and interest payments on this Surplus Note shall only be repaid out of the surplus earnings of the Company and with prior written approval of the State of Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services, Division of

NOTES TO FINANCIAL STATEMENTS

Insurance. Interest is at the rate of eight and one-half percent per annum, computed annually and not compounded. Subject to the prior written approval of the Board of Directors of Grand Valley Health Plan and the prior written approval of the Michigan Insurance Division, interest shall be paid annually from earned surplus until the entire principal amount is paid in full. If Grand Valley Health Plan does not pay interest in any year, the interest shall be non-cumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. There were no principal and/or interest payments during the period. The surplus note is expressly subordinated to claims of creditors and members of Grand Valley Health Plan and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. There has not been a quasi-reorganization of the Company.

14. Contingencies - The Company is periodically involved in professional liability claims arising from its medical practice, which are defended and handled in the ordinary course of business. Management believes there is no liability outstanding. The Company is not under investigatory controls of the Michigan Office of Financial and Insurance Services. The Company is in full compliance with prior agreements and orders of the Michigan Office of Financial and Insurance Services.
15. Leases - The Company has operating leases for health centers, medical facilities, and an administrative office from various entities, which are considered related parties. These non-cancelable leases contain various renewal options subject to increases in the monthly rental payments. Lease terms expire at various dates through 2008. These leases require the Company to pay all utilities, maintenance and taxes. Future minimum lease payments are as follows: 2006 - \$815,845, 2007 - \$849,212, 2008 \$212,006. The grand total for 2006-2008 minimum lease payments - \$1,877,063. Total expense, including but not limited to utilities, maintenance and taxes, amounted to \$966,612 as of June 30, 2006.
16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None to report.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None to report.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None to report.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None to report.
20. September 11 Events – None to report.
21. Other Items – None to report.
22. Events Subsequent – There was one disputed out of area hospitalization case during 2003 that was partially reserved at year-end 2004 and 2005. The full amount reserved as of June 2006 is \$469,000. There were no other Type I or Type II subsequent events.
23. Reinsurance – The Company limits a portion of its medical claims liability through stop-loss insurance. Under the terms of this agreement, the insurance company will reimburse approximately 90% of the cost of each member's annual services in excess of \$150,000, up to a specific annual stop-loss benefit per member of \$1,000,000. At June 30, 2006, the Company has recorded a receivable under this agreement in the amount of \$436,258. There was no uncollectible reinsurance written off during the quarter.
24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None to report.
25. Change in Incurred Claims and Claim Adjustment Expenses – None to report.
26. Inter-company Pooling Arrangements – None to report.
27. Structured Settlements – None to report.

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables – At June 30, 2006 the identified pharmacy rebates recorded as healthcare receivables are as follows: \$30,000 total for Pfizer and Wyeth Rx Rebates.

A. Pharmaceutical Rebate Receivables

	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
Quarter					
6/30/2006	\$ 30,000				
3/31/2006	\$ 32,829		\$ 30,000		

12/31/05	\$ 33,448		\$ 3,448		
9/30/05	\$ -				
6/30/05	\$ -				
3/31/05	\$ -				

12/31/04	\$ -				
9/30/04	\$ 62,000			\$ 62,000	
6/30/04	\$ 62,000				
3/31/04	\$ -				

12/31/03	\$ 109,152		\$109,152		
9/30/03	\$ 25,588		\$ 25,588		
6/30/03	\$ -				
3/31/03	\$ 49,014				\$ 49,014

29. Participating Policies – None to report.
30. Premium Deficiency Reserves – None to report.
31. Anticipated Salvage and Subrogation – None to report.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [X]
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☐]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [X]
- 2.2

If yes, date of change:

01/01/3000

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [X]
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [☐] No [X] NA [☐]

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/16/2003
- 6.4

By what department or departments?
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes [☐] No [X]
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [☐] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [☐] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$111,701

INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes ☐ No ☒
- 10.2 If yes, explain:
.....

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒
- 11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$
13. Amount of real estate and mortgages held in short-term investments:\$
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☒ No ☐
- 14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$	.....	\$ .....
14.22 Preferred Stock .....	\$	.....	\$ .....
14.23 Common Stock .....	\$	.....	\$ .....
14.24 Short-Term Investments .....	\$	.....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$	.....	\$ .....
14.26 All Other .....	\$	.....749,388	\$731,038
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$	.....749,388	\$731,038
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$	.....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☒

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐

- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes ☐ No ☒
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
Fifth Third Bank.....	Andrew Schmidt.....	Grand Rapids, Michigan.....

- 17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes ☒ No ☐
- 17.2 If no, list exceptions:
.....

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,251,834	1,296,093
2. Increase (decrease) by adjustment	(33,630)	(44,259)
3. Cost of acquired	0	0
4. Cost of additions to and permanent improvements	0	0
5. Total profit (loss) on sales	0	0
6. Increase (decrease) by foreign exchange adjustment	0	0
7. Amount received on sales	0	0
8. Book/adjusted carrying value at end of current period	1,218,204	1,251,834
9. Total valuation allowance	0	0
10. Subtotal (Lines 8 plus 9)	1,218,204	1,251,834
11. Total nonadmitted amounts	0	115,936
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	1,218,204	1,135,898

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	749,388	758,649
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		(9,261)
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period	18,350	0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	731,038	749,388
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	731,038	749,388
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	731,038	749,388

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	0	0
2. Cost of bonds and stocks acquired		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of		0
8. Amortization of premium		0
9. Book/adjusted carrying value, current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value	0	0

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 .....	.0				.0	.0	.0	.0
2. Class 2 .....	.0				.0	.0	.0	.0
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	0	0	0	0	0	0	0	0
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	0	0	0	0	0	0	0	0

NONE

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals		XXX			

SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,075,359	1,043,133
2. Cost of short-term investments acquired .....		.0
3. Increase (decrease) by adjustment	22,324	32,226
4. Increase (decrease) by foreign exchange adjustment .....		.0
5. Total profit (loss) on disposal of short-term investments .....		.0
6. Consideration received on disposal of short-term investments .....		.0
7. Book/adjusted carrying value, current period	1,097,683	1,075,359
8. Total valuation allowance .....		.0
9. Subtotal (Lines 7 plus 8)	1,097,683	1,075,359
10. Total nonadmitted amounts .....		.0
11. Statement value (Lines 9 minus 10)	1,097,683	1,075,359
12. Income collected during period .....		.0
13. Income earned during period		0

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S

NONE

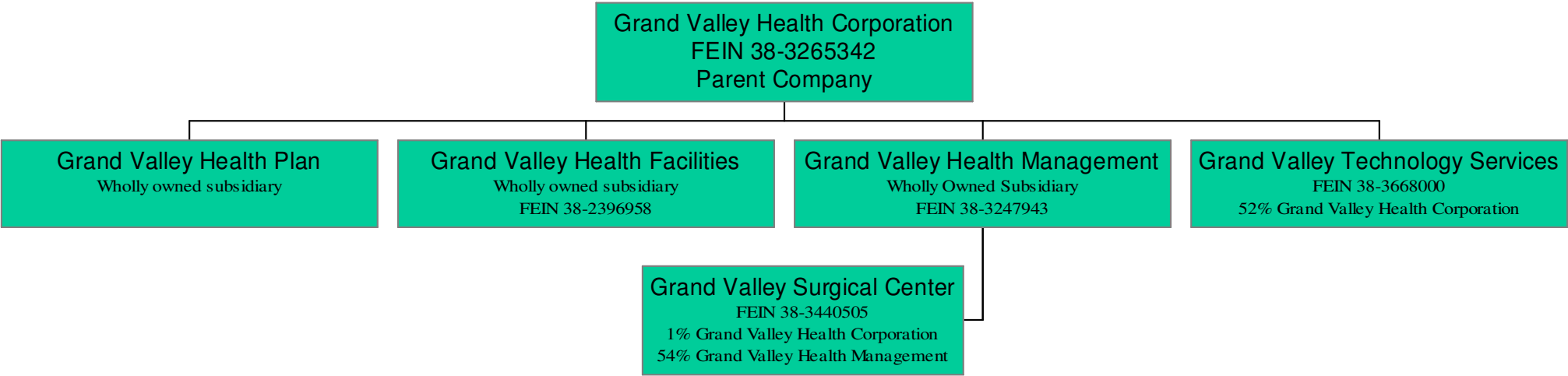
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.		1	2	Direct Business Only Year-to-Date					
		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefit Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/Casualty Premiums
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI	No	Yes	17,368,648			3,094,624		
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. U.S. Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CN								
58. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal		XXX	XXX	17,368,648	0	0	3,094,624	0	0
60. Reporting entity contributions for Employee Benefit Plans		XXX	XXX						
61. Total (Direct Business)		XXX	(a) 1	17,368,648	0	0	3,094,624	0	0
DETAILS OF WRITE-INS									
5801.									
5802.									
5803.									
5898.	Summary of remaining write-ins for Line 58 from overflow page			0	0	0	0	0	0
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)			0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Grand Valley Health Corporation



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF JUNE 30, 2006 OF THE Grand Valley Health Plan

SCHEDULE E - PART 1 - CASH

[illegible]

STATEMENT AS OF JUNE 30, 2006 OF THE Grand Valley Health Plan

SCHEDULE E - PART 2 CASH EQUIVALENTS

Showing Investments Owned End of Current Quarter

[illegible]